

*Department of Revenue*

# **Division of Banking**

## **Mission**

To promote, on behalf of West Virginia citizens, the safety and soundness of state-chartered and licensed depository and nondepository institutions within the framework of statutory limitations and industry standards for financial institutions operating within West Virginia.

## **Operations**

- Examines safety and soundness of state-chartered banks and credit unions, and determines compliance with state and federal laws, rules, and regulations.
- Examines regulated consumer lenders, mortgage companies, mortgage brokers, and originators for compliance with consumer laws and regulations.
- Oversees bank holding company activities within the state.
- Coordinates interagency (state and federal) examination efforts, and enforces formal and informal corrective actions and agreements.
- Provides guidance to regulated financial institutions regarding information technology issues.
- Reviews, analyzes, and acts upon applications from depository institutions for charters, mergers, branches, and holding company acquisitions within the state.
- Reviews, analyzes, and acts upon applications for licensing from selected nondepository financial institutions.
- Provides information and data to the public and press.
- Investigates and resolves consumer complaint matters.
- Provides administrative and staff support for the West Virginia Lending and Credit Rate Board and for the West Virginia Board of Banking and Financial Institutions.

Division of Banking  
**Expenditures**

	TOTAL FTE POSITIONS 11/30/2005	ACTUALS FY 2005	BUDGETED FY 2006	REQUESTED FY 2007	GOVERNOR'S RECOMMENDATION
<b>EXPENDITURE BY PROGRAM</b>					
Administration	9.00	\$734,277	\$801,322	\$785,083	
Depository Institutions	15.50	1,109,334	1,240,566	1,253,652	
Nondepository Institutions	8.00	604,068	653,045	633,343	
<b>TOTAL BY PROGRAM</b>	<b>32.50</b>	<b>2,447,679</b>	<b>2,694,933</b>	<b>2,672,078</b>	<b>2,703,447</b>
<b>EXPENDITURE BY FUND</b>					
<b>General Fund</b>					
FTE Positions		0.00	0.00	0.00	0.00
Total Personal Services		0	0	0	0
Employee Benefits		0	0	0	0
Other Expenses		0	0	0	0
Less: Reappropriated		0	0	0	0
<b>Subtotal: General Fund</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Federal Fund</b>					
FTE Positions		0.00	0.00	0.00	0.00
Total Personal Services		0	0	0	0
Employee Benefits		0	0	0	0
Other Expenses		0	0	0	0
<b>Subtotal: Federal Fund</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Appropriated Special Fund</b>					
FTE Positions		32.50	32.50	34.00	32.50
Total Personal Services		1,419,459	1,686,083	1,744,050	1,770,600
Employee Benefits		419,158	501,252	511,640	516,459
Other Expenses		609,062	507,598	416,388	416,388
Less: Reappropriated		0	0	0	0
<b>Subtotal: Appropriated Special Fund</b>		<b>2,447,679</b>	<b>2,694,933</b>	<b>2,672,078</b>	<b>2,703,447</b>
<b>Nonappropriated Special Fund</b>					
FTE Positions		0.00	0.00	0.00	0.00
Total Personal Services		0	0	0	0
Employee Benefits		0	0	0	0
Other Expenses		0	0	0	0
<b>Subtotal: Nonappropriated Special Fund</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FTE POSITIONS BY FUND</b>	<b>32.50</b>	<b>32.50</b>	<b>34.00</b>	<b>32.50</b>	
<b>TOTAL EXPENDITURES BY FUND</b>		<b>\$2,447,679</b>	<b>\$2,694,933</b>	<b>\$2,672,078</b>	<b>\$2,703,447</b>

*Division of Banking*  
**Programs**

---

## **Administrative**

### **Mission**

To provide responsive, cost-effective administrative support for the division's regulatory programs and the West Virginia Board of Banking and Financial Institutions.

### **Goals/Objectives**

- Maintain technical, legal, and clerical support systems that allow the regulatory staff to properly carry out statutory and public policy mandates.
- Provide computer hardware, software, and program training to all staff.
- Provide adequate legal counsel in order to properly and effectively execute the division's mission.
- Provide a system of receiving, responding, and monitoring consumer inquiries and complaints.
- Provide administrative and fiscal oversight to the division's operations.

### **Performance Measures**

- ✓ Division employees were provided the education and training to allow them to obtain a professional level of competence.
- ✓ Maintained adequate funding to act upon the mission of the agency.

---

## **Depository**

### **Mission**

To promote the state banking system and ensure the safety and soundness of state-chartered depository institutions within the framework of statutory limitations and industry standards.

### **Goals/Objectives**

**Aggressively pursue national banks that show an interest in the state banking system.**

- Continue to actively market the positive attributes of the state charter to the domestic industry, particularly our comparatively low assessment rate, our examination staff's extensive knowledge and experience in the regulation of depository institutions, and our accreditation status by our national trade group, the Conference of State Bank Supervisors.
- Strive to identify value-added products and services to our banking constituents in addition to providing a full range of examinations including safety and soundness, bank holding company, trust, and information systems.
- Promote the state banking charter at conventions and meetings of the industry's two trade banking associations.
- Convert one national bank into the state banking system per year.

**Maintain level of existing assessable assets through the application of fair, consistent, and responsive regulatory guidance.**

- Maintain team of skilled examiners to sufficiently assess the financial condition of state-chartered depository institutions.
- Strive toward efficiencies and continue migration to a full risk-focused examination program.
- Complete credit union examination reports within statutory time frame of 30 days.

## Division of Banking Programs

- Complete bank examination reports within 30 days.
- Maintain strong working relationships with the Federal Deposit Insurance Corporation, the Federal Reserve System, and the National Credit Union Administration to avoid duplication of effort in the regulatory process.
- Incorporate new technology in regulatory operations.
- Lobby to passage any legislation that supports the state's commercial banking industry, including legislation to minimize regulatory burdens and costs for covered institutions.

### **Maintain state banking laws that afford state-chartered banks competitive equality with the activities of national banks and banks chartered by other states.**

- Stay abreast of changes in federal laws and regulations to which our state chartered banks must be held accountable.
- Ensure that each senior Depository employee has an opportunity to attend at least one training program and/or seminar per year to discuss emerging issues and challenges.
- Write legislation to revise and update West Virginia banking laws based on the constantly changing financial services industry and the changing regulatory environment.

### **Maintain accreditation and examiner certifications from the Conference of State Bank Supervisors.**

- Provide each examiner an opportunity for continuing professional development training, with a minimum of 63 continuing education hours over the three-year examiner certification period
- Promote career development by emphasizing examiner training along specialty lines.
- Review and incorporate all suggestions offered by the Conference of State Bank Supervisors reaccreditation review team, and follow recommended best practices that takes place every five years.

## Performance Measures

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Examinations completed within statutory time frames	100%	97%	100%	100%	100%	100%
Average turnaround on bank report transmittals (days)	28.6	31.6	30.0	31.0	30.0	30.0
Average turnaround on credit union report transmittals (days)	27.8	30.5	30.0	29.0	30.0	30.0

---

## Nondepository

### Mission

To assure that mortgage lenders, mortgage brokers, loan originators, and regulated consumer lenders—who may often serve higher risk, less financially attuned, and less affluent consumers—do so in compliance with state and federal statutes and regulations designed to protect consumer rights and interests. License and monitor those entities providing money transmission and transportation services to West Virginia citizens.

### Goals/Objectives

#### **Develop procedures to expedite Reports of Examination utilizing Examination Software.**

- Finalize training of examiners to allow for individual input of examination data by the end of 2006.
- Perform Regulated Consumer Lender exams within eighteen months.
- Complete examination processing within the time frame of 180 days.
- Fine-tune the reports of examination using database reporting software.
- Cross train nondepository employees for purposes of tracking and recording responses to the final reports of examinations.

## Division of Banking Programs

### **Increase contact with licensed entities through office visitations.**

- Conduct unscheduled visits to licensees.

### **Facilitate and direct ultimate restitution to consumers who have been harmed through violations of law.**

- Utilize examiners in the restitution process to locate, document and correspond with consumers who are due restitution.
- Document and balance the level of restitution made both by the licensees directly and indirectly.
- Update the division's records to reflect the level of restitution made to West Virginia consumers.

### **Participate in national associations that specialize in the regulation of nondepository institutions.**

- Maintain skilled examiners proficient in both compliance and fraud examinations, and participate on regulatory panels established to facilitate nationwide training.
- Serve on committees and boards as appropriate with the American Association of Residential Mortgage Regulators, Money Transmitters Regulators Association, and the National Association of Consumer Credit Administrators.
- Actively participate in regional and national educational programs established by federal and state regulatory agencies.

### **Obtain long term training in the area of fraud detection and investigations.**

- Provide every examiner with an established training objective.
- Obtain American Association of Residential Mortgage Regulator Fraud Training.
- Join and participate in fraud training provided by on-line providers, and, possibly, the National White Collar Crime Center.

## Performance Measures

<u>Fiscal Year</u>	<u>Actual 2003</u>	<u>Actual 2004</u>	<u>Estimated 2005</u>	<u>Actual 2005</u>	<u>Estimated 2006</u>	<u>Estimated 2007</u>
Nondepository reports with identified violations to be corrected	24	35	37	50	40	48
Regulated consumer lender examinations completed within statutory time frames	100%	100%	100%	100%	100%	100%
Regulated consumer lender report transmittals (days)	30	30	30	30	30	30